

stocks

Aggressive Growth
Stock Fund

cash investments

balanced

BONDS

Vanguard® Explorer™ Fund

Investor Shares

Who Should Invest

- Investors seeking long-term growth of capital.
- Investors with a long-term investment horizon (at least five years).

Who Should Not Invest

- Investors unwilling to accept significant fluctuations in share price.
- Investors seeking dividend income.

Assets: \$6,125,920,340

Expenses: 0.72%*

Ticker Symbol: VEXPX

Newspaper Listing: Explr

Inception: December 11, 1967

Overall Risk Level:



Investment Objective

Vanguard Explorer Fund seeks to provide long-term capital appreciation.

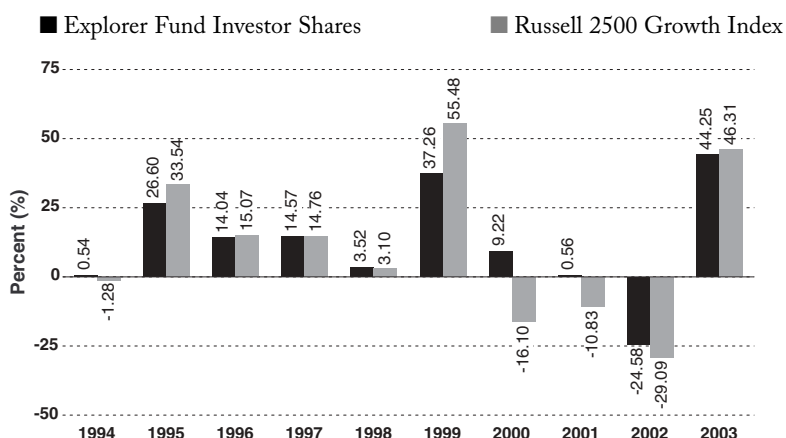
Investment Strategy

The fund invests mainly in the stocks of smaller companies (which, at the time of purchase, typically have a market value of less than \$2 billion). These companies are considered by the advisors to have above-average prospects for growth, but often provide little or no dividend income. The fund is managed by five advisors; each runs a portion of the fund independently, although all emphasize small-capitalization stocks.

See reverse side for Fund Profile.

Performance

Annual Returns 1994–2003 — Explorer Fund Investor Shares vs. Russell 2500 Growth Index**



Total Returns for Periods Ended December 31, 2003***

	Year to Date	1 Year	3 Years	5 Years	10 Years
Explorer Fund Investor Shares	44.25%	44.25%	3.04%	10.40%	10.94%
Russell 2500 Growth Index	46.31%	46.31%	-2.56%	3.83%	8.04%

*For most recent fiscal year.

**Russell 2500 Growth Index, an unmanaged measure of stock market performance.

***Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns.

THE Vanguard GROUP®

Vanguard Explorer Fund

Investor Shares

Fund Profile

As of December 31, 2003

Top Sector Holdings—Stocks

1. Auto & Transportation	4.1%
2. Consumer Discretionary	23.5
3. Consumer Staples	0.9
4. Financial Services	10.2
5. Health Care	18.6
6. Integrated Oils	0.0
7. Materials & Processing	4.0
8. Other Energy	3.9
9. Producer Durables	8.5
10. Technology	23.5
11. Utilities	2.6
12. Other	0.2

Largest Stock Holdings*

1. Red Hat, Inc.
2. Maxtor Corp.
3. Foundry Networks, Inc.
4. Foot Locker, Inc.
5. Nextel Partners, Inc.
6. Watson Pharmaceuticals, Inc.
7. Bausch & Lomb, Inc.
8. Western Digital Corp.
9. Henry Schein, Inc.
10. The Dun & Bradstreet Corp.

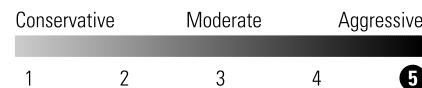
Top Ten as % of Total Net Assets 6.2%

*Fund holdings are subject to change.

A Few Words About Risk

When investing in stock funds, short-term losses (or gains) are common, largely as a result of sudden movements in stock prices as views change about the economy and individual companies. However, over extended periods the market's ups have tended to outweigh its downs. There is no guarantee this will continue. Usually, the longer you hold your investments, the lower your chances of losing money.

Overall Risk Level:



The Explorer Fund holds stocks of small U.S. companies, which historically have been more volatile in price than larger-company stocks. As a result, the fund carries a higher level of risk than most funds that hold large stocks.

Investment Terms

Dividends: Payments made by companies to investors in their stock. The payments typically depend on economic conditions and the company's financial health.

Expenses: The costs of running a fund, expressed as a percentage of the fund's assets. For example, a fund may have expenses that total 0.30% (less than half of 1%) of its assets.

Market Risk: The chance that the value of an investment will change because of rising (or falling) stock or bond prices.

Mutual Fund: An investment company that combines the money of thousands of people and invests it in a number of securities (stocks, bonds, short-term reserves) to achieve a specific objective over time.

Total Return: The change in the value of an investment, plus any income from interest or dividends. The standard measure of a mutual fund's performance.

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Performance figures include the reinvestment of all dividends and any capital gains distribution. All returns are net of expenses. Return figures reflect past performance, which is no guarantee of future results. The investment return and principal value will fluctuate. An investor's shares, when redeemed, may be worth more or less than the original cost.

Vanguard funds are offered by prospectus only. Prospectuses contain more complete information on risks, advisory fees, distribution charges, and other expenses and should be read carefully before you invest or send money. Prospectuses can be obtained directly by writing to The Vanguard Group, P.O. Box 2900, Valley Forge, PA 19482-2900; calling 1-800-523-1188; or visiting www.vanguard.com.